# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>CHAPTER 1:</th>
<th>OVERVIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>WELCOME TO THE HANDBOOK</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SECTION 1:</th>
<th>INTRODUCTION TO THE HANDBOOK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2</td>
<td>USING THIS HANDBOOK</td>
</tr>
<tr>
<td>A.</td>
<td>Citations</td>
</tr>
<tr>
<td>B.</td>
<td>Attachments and Appendices</td>
</tr>
<tr>
<td>C.</td>
<td>Terminology</td>
</tr>
<tr>
<td>1.3</td>
<td>GETTING ADDITIONAL HELP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SECTION 2:</th>
<th>OVERVIEW OF THE SFHGLP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.4</td>
<td>SFHGLP GOALS</td>
</tr>
<tr>
<td>1.5</td>
<td>SFHGLP SUMMARY</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SECTION 3:</th>
<th>GENERAL PROGRAM REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6</td>
<td>CIVIL RIGHTS</td>
</tr>
<tr>
<td>A.</td>
<td>Major Civil Rights Laws Affecting the SFHGLP</td>
</tr>
<tr>
<td>B.</td>
<td>Nondiscrimination</td>
</tr>
<tr>
<td>C.</td>
<td>Reasonable Accommodations for Persons with Disabilities</td>
</tr>
<tr>
<td>1.7</td>
<td>REVIEW AND APPEALS</td>
</tr>
<tr>
<td>1.8</td>
<td>STATE AND LOCAL LAWS</td>
</tr>
<tr>
<td>1.9</td>
<td>EXCEPTION AUTHORITY</td>
</tr>
<tr>
<td>A.</td>
<td>Who Can File a Request</td>
</tr>
<tr>
<td>B.</td>
<td>What Must be Included in the Request</td>
</tr>
<tr>
<td>C.</td>
<td>Where Requests are Submitted</td>
</tr>
<tr>
<td>1.10</td>
<td>CONFLICT OF INTEREST</td>
</tr>
<tr>
<td>A.</td>
<td>Prohibited Relationship</td>
</tr>
<tr>
<td>B.</td>
<td>Discrimination Requests</td>
</tr>
<tr>
<td>1.11</td>
<td>UNAUTHORIZED ASSISTANCE</td>
</tr>
<tr>
<td>1.12</td>
<td>AGENCY LOAN APPROVAL AUTHORITY GUIDELINES FOR SINGLE FAMILY HOUSING GUARANTEED PROGRAM</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHAPTER 2:</th>
<th>RECORD RETENTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>INTRODUCTION</td>
</tr>
<tr>
<td>2.2</td>
<td>LENDER RECORD MAINTENANCE</td>
</tr>
<tr>
<td>A.</td>
<td>Loan Origination Records</td>
</tr>
<tr>
<td>B.</td>
<td>Payment and Disbursement Records</td>
</tr>
<tr>
<td>2.3</td>
<td>AGENCY RECORD MAINTENANCE</td>
</tr>
<tr>
<td>A.</td>
<td>Lender Approval Files</td>
</tr>
<tr>
<td>B.</td>
<td>Mortgage Files</td>
</tr>
</tbody>
</table>
CHAPTER 3: LENDER APPROVAL

3.1 INTRODUCTION

3.2 LENDER APPROVAL CRITERIA
   A. Approval form Another Recognized Source
   B. Approval by Demonstrated Ability
   C. Participation as an Agent of an Approved Lender

3.3 APPLICATION

3.4 AGENCY REVIEW
   A. Approval of Application
   B. Denial of Application
   C. Record Retention

3.5 LENDER SALE OF GUARANTEED LOANS

3.6 LENDER RESPONSIBILITY

3.7 OUTREACH AND EDUCATION
   A. Lenders
   B. Agency

3.8 MONITORING A LENDER’S ORIGINATION AND SERVICING OF LOANS
   A. Compliance Reviews
   B. Review Circumstances and Factors
   C. Conducting Compliance Reviews

3.9 LENDER RECERTIFICATION AND REVOKING LENDER ELIGIBILITY

3.10 VOLUNTARY WITHDRAWAL

ATTACHMENT 3-A: LENDER APPROVAL CHECKLIST
ATTACHMENT 3-B: LENDER ELIGIBILITY GUIDE – New Lender/Renewing Lender
ATTACHMENT 3-C: NEW LENDER TRAINING AND CERTIFICATION

CHAPTER 4: LENDER RESPONSIBILITIES

4.1 INTRODUCTION

4.2 OPERATE RESPONSIBLY
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3 MAINTAIN A WELL-TRAINED STAFF</td>
<td>4-1</td>
</tr>
<tr>
<td>4.4 COLLECT PAYMENTS AND ENSURE PAYMENT OF TAXES AND INSURANCE</td>
<td>4-2</td>
</tr>
<tr>
<td>4.5 MAINTAIN FIDELITY BONDING</td>
<td>4-2</td>
</tr>
<tr>
<td>4.6 SELL LOANS ONLY TO APPROVED LENDERS</td>
<td>4-2</td>
</tr>
<tr>
<td>A. Procedure</td>
<td>4-2</td>
</tr>
<tr>
<td>B. Purchaser Risks and Responsibilities</td>
<td>4-3</td>
</tr>
<tr>
<td>4.7 REPORT SIGNIFICANT CHANGES</td>
<td>4-3</td>
</tr>
<tr>
<td>4.8 ADHERE TO SFHGLP GUIDELINES</td>
<td>4-4</td>
</tr>
<tr>
<td>4.9 INDEMNIFICATION</td>
<td>4-4</td>
</tr>
<tr>
<td>4.10 PREVENT MORTGAGE FRAUD</td>
<td>4-5</td>
</tr>
<tr>
<td>4.11 WITHDRAWAL OF APPROVAL</td>
<td>4-6</td>
</tr>
<tr>
<td>A. Criteria to Withdraw Approval</td>
<td>4-6</td>
</tr>
<tr>
<td>B. Sale of Loans Upon Termination</td>
<td>4-6</td>
</tr>
<tr>
<td>4.12 ADDITIONAL LENDER RESPONSIBILITIES UPON APPROVAL</td>
<td>4-7</td>
</tr>
<tr>
<td>ATTACHMENT 4-A: CONDITIONS FOR LENDERS NOT HOLDING FUNDS IN ESCROW</td>
<td></td>
</tr>
<tr>
<td>ATTACHMENT 4-B: SAMPLE FOR ACKNOWLEDGMENT OF REAL ESTATE TAXES AND</td>
<td></td>
</tr>
<tr>
<td>HAZARD INSURANCE REQUIREMENTS</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 5: ORIGINATION AND UNDERWRITING OVERVIEW</td>
<td>5-1</td>
</tr>
<tr>
<td>5.1 INTRODUCTION</td>
<td>5-1</td>
</tr>
<tr>
<td>5.2 REQUESTING A GUARANTEE</td>
<td>5-1</td>
</tr>
<tr>
<td>A. Preliminary Determination of Applicant Eligibility</td>
<td>5-1</td>
</tr>
<tr>
<td>B. Informing the Applicant</td>
<td>5-3</td>
</tr>
<tr>
<td>5.3 UTILIZING THE GUARANTEED UNDERWRITING SYSTEM</td>
<td>5-4</td>
</tr>
<tr>
<td>A. Functionality of GUS</td>
<td>5-5</td>
</tr>
<tr>
<td>B. Gaining Access to GUS</td>
<td>5-6</td>
</tr>
<tr>
<td>C. Underwriting Guidance For Lenders</td>
<td>5-6</td>
</tr>
<tr>
<td>D. Compatible Loan Origination System (LOS) and Point of Sale (POS) Venders</td>
<td>5-7</td>
</tr>
<tr>
<td>E. Cash Reserves</td>
<td>5-8</td>
</tr>
<tr>
<td>F. Omitting Liabilities</td>
<td>5-8</td>
</tr>
<tr>
<td>G. Established Data Tolerances</td>
<td>5-8</td>
</tr>
<tr>
<td>H. GUS Findings and Underwriting Report</td>
<td>5-10</td>
</tr>
<tr>
<td>I. Lender Steps When Requesting a Commitment</td>
<td>5-10</td>
</tr>
<tr>
<td>J. GUS Underwriting Recommendations</td>
<td>5-11</td>
</tr>
<tr>
<td>K. Lender’s Reliance on the GUS System</td>
<td>5-13</td>
</tr>
<tr>
<td>L. Lender’s Permanent Loan File – Documentation Requirements</td>
<td>5-14</td>
</tr>
<tr>
<td>M. Resubmission Policy</td>
<td>5-14</td>
</tr>
<tr>
<td>N. Lender’s Representations to the Agency Upon Final Submission</td>
<td>5-15</td>
</tr>
<tr>
<td>O. Termination</td>
<td>5-16</td>
</tr>
</tbody>
</table>
CHAPTER 6:  LOAN PURPOSES

6.1 INTRODUCTION
6-1
6.2 ELIGIBLE LOAN PURPOSES
6-1
A. Acquiring a Site and Dwelling
   6-1
B. Repairs and Rehabilitation
   6-1
C. Reasonable and Customary Expenses Associated with Purchasing a Dwelling
   6-2
D. Refinance
   6-3
E. Supplemental Loans
   6-14
6.3 PROHIBITED LOAN PURPOSES
6-14
6.4 AGENCY REVIEW OF LOAN PURPOSES
6-15

CHAPTER 7:  LOAN TERMS AND CONDITIONS

7.1 INTRODUCTION
7-1
7.2 MAXIMUM LOAN AMOUNT
7-1
7.3 LOAN TERMS
7-2
   A. Repayment Period
      7-2
   B. Interest Rate
      7-2
   C. Terms Unacceptable for a Guarantee
      7-3

CHAPTER 8:  APPLICANT CHARACTERISTICS

8.1 INTRODUCTION
8-1
8.2 APPLICANT ELIGIBILITY REQUIREMENTS
8-1
   A. Owning a Dwelling
      8-1
   B. Obtaining Credit
      8-3
   C. Occupying the Property
      8-4
   D. Having a Legal Capacity
      8-5
   E. Not Having a Suspension or Debarment
      8-5
   F. Having Acceptable Citizenship or Immigration Status
      8-5
8.3 TRUTHFUL APPLICATION
8-11
8.4 ACCESS STEPS TO SAVE
8-11

ATTACHMENT 8-A   SAVE System Access by Agency Employees

CHAPTER 9:  INCOME ANALYSIS

9.1 INTRODUCTION
9-1

SECTION 1:  ELIGIBILITY INCOME
9.2 OVERVIEW
9-1
9.3 ANNUAL INCOME
   A. Income That is Never Counted 9-1
   B. Calculation of Annual Income 9-2
   C. Income of Temporarily Absent Family Members 9-3
   D. Applicant Assets 9-3
   E. Verification Requirements 9-3

9.4 CALCULATING INCOME FROM ASSETS 9-6

9.5 ADJUSTED ANNUAL INCOME 9-6

9.6 AGENCY REVIEW OF HOUSEHOLD INCOME 9-7

SECTION 2: REPAYMENT INCOME 9-8

9.7 OVERVIEW 9-8

9.8 STABLE AND DEPENDABLE INCOME 9-8

9.9 AGENCY REVIEW OF REPAYMENT INCOME 9-8

9.10 OPTIONAL DOCUMENTATION OF INCOME FORMS 9-9

ATTACHMENT 9-A: INCOME AND DOCUMENTATION MATRIX
ATTACHMENT 9-B: INCOME CALCULATION WORKSHEET
ATTACHMENT 9-C: CASE STUDY: INCOME CALCULATION WORKSHEET
ATTACHMENT 9-D: ANNUAL INCOME: EXCLUDED SOURCES
ATTACHMENT 9-E: INFORMATION FOR ANALYZING TAX RETURNS FOR SELF-EMPLOYED APPLICANTS
ATTACHMENT 9-F: WORKSHEET FOR DOCUMENTING ANNUAL AND REPAYMENT INCOME (Internal Use Only)
ATTACHMENT 9-G: OPTIONAL VERIFICATION OF INCOME FORMS
CHAPTER 10: CREDIT ANALYSIS

10.1 INTRODUCTION
10.2 CREDIT ELIGIBILITY REQUIREMENTS
10.3 CREDIT REPORT REQUIREMENTS
10.4 CREDIT REPORT VERSIONS

ATTACHMENT 10-A: CREDIT MAXTRIX

CHAPTER 11: RATIO ANALYSIS

11.1 INTRODUCTION
11.2 THE RATIOS
   A. The PITI Ratio
   B. The Total Debt Ratio
11.3 DEBT RATIO WAIVERS AND COMPENSATING FACTORS
   A. Purchase Transactions: Debt Ratio waivers
   B. Refinance Transactions: Debt Ratio waivers
11.4 MORTGAGE CREDIT CERTIFICATES
11.5 FUNDED BUYDOWN ACCOUNTS
11.6 SECTION 8 HOMEOWNERSHIP VOUCHERS
CHAPTER 12: PROPERTY AND APPRAISAL REQUIREMENTS

12.1 INTRODUCTION

SECTION 1: UNDERWRITING THE PROPERTY

12.2 OVERVIEW
12.3 RURAL AREA DESIGNATION
   A. Rural Area Definition
   B. Notification of Rural Area Designation
   C. Making Loans in Areas Changed to Non-rural
12.4 SITE REQUIREMENTS

SECTION 2: APPRAISALS

12.5 RESIDENTIAL APPRAISAL REPORTS
   A. Qualified Appraiser
   B. Appraisal Report
   C. Agency Review
   D. Director of the Origination and Processing Division Responsibilities
   E. Types of Agency Reviews
   F. Appraisals in Remote Rural Areas, On Tribal Lands or in Areas Lacking Market Activity
12.6 WATER AND WASTEWATER DISPOSAL SYSTEMS
   A. Water
   B. Wastewater
12.7 STREET ACCESS AND ROAD MAINTENANCE
   A. Access
   B. Maintenance

SECTION 3: DWELLING REQUIREMENTS

12.8 MODEST HOUSING
12.9 EXISTING AND NEW DWELLINGS
   A. Existing Dwellings [7 CFR 3555.202(b)]
   B. New Dwellings [7 CFR 3555.202(a)]
   C. Repair Escrows for Existing and New Dwellings, Post Issuance of the Loan Note Guarantee [7 CFR 3555.202(c)]
### SECTION 4: ENVIRONMENTAL REQUIREMENTS 12-25

12.10 HAZARD IDENTIFICATION 12-25
   A. Due Diligence 12-25
   B. Flood Hazards 12-26

### SECTION 5: CONDOMINIUMS 12-28

12.11 CONDOMINIUMS AND PLANNED UNIT DEVELOPMENTS 12-28
   A. Condominiums 12-28
   B. Planned Unit Developments 12-31

### SECTION 6: COMBINATION CONSTRUCTION TO PERMANENT LOANS  [7 CFR 3555.105] 12-31

12.12 SINGLE-CLOSE FEATURES 12-32
12.13 LENDER REQUIREMENTS 12-32
12.14 CONSTRUCTION CONTRACTOR-BUILDER REQUIREMENTS 12-34
12.15 ELIGIBLE LOAN COSTS 12-34
12.16 PLAN AND THERMAL CERTIFICATION 12-36
12.17 APPRAISALS 12-36
12.18 BUILDER WARRANTY 12-36
12.19 LOAN APPROVAL PROCESS 12-37
12.20 LOAN CLOSING 12-37
12.21 AGE OF DOCUMENTS 12-38
12.22 ISSUANCE OF THE LOAN NOTE GUARANTEE 12-38
12.23 CONSTRUCTION DRAWS 12-39
12.24 CHANGE ORDERS 12-39
12.25 CASH BACK TO BORROWER 12-39
12.26 MORTGAGE FILE DOCUMENTATION 12-40
12.27 UNPLANNED CHANGES DURING CONSTRUCTION 12-40
12.28 REHABILITATION AND REPAIR WITH PURCHASE OF EXISTING DWELLINGS 12-40
   A. Types of Loans 12-41
   B. Property Eligibility 12-41
   C. Managing Construction 12-43

ATTACHMENT 12-A: DETERMINING ELIGIBLE AREAS USING THE PUBLIC WEBSITE
ATTACHMENT 12-B: RURAL DEVELOPMENT CONDOMINIUM CERTIFICATION
ATTACHMENT 12-C: PROJECT REVIEW
ATTACHMENT 12-D: APPROVED LENDER CERTIFICATION – Completion of New Construction
<table>
<thead>
<tr>
<th>Section</th>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHAPTER 13:</strong></td>
<td>SPECIAL PROPERTY TYPES</td>
<td>13-1</td>
</tr>
<tr>
<td>13.1</td>
<td>INTRODUCTION</td>
<td>13-1</td>
</tr>
<tr>
<td><strong>SECTION 1:</strong></td>
<td>SPECIAL FORMS OF OWNERSHIP</td>
<td>13-1</td>
</tr>
<tr>
<td>13.2</td>
<td>OVERVIEW</td>
<td>13-1</td>
</tr>
<tr>
<td>13.3</td>
<td>LOANS FOR UNITS IN A COMMUNITY LAND TRUST</td>
<td>13-1</td>
</tr>
<tr>
<td>A.</td>
<td>Definition</td>
<td>13-1</td>
</tr>
<tr>
<td>B.</td>
<td>Protection of Lender Rights and Lien Position</td>
<td>13-2</td>
</tr>
<tr>
<td>C.</td>
<td>Restrictions on Resale Price</td>
<td>13-3</td>
</tr>
<tr>
<td>D.</td>
<td>Rights of First Refusal</td>
<td>13-3</td>
</tr>
<tr>
<td>E.</td>
<td>Appraisals</td>
<td>13-4</td>
</tr>
<tr>
<td>13.4</td>
<td>LOANS ON LEASEHOLD ESTATES [7 CFR 3555.203(b)]</td>
<td>13-4</td>
</tr>
<tr>
<td>A.</td>
<td>Definition</td>
<td>13-4</td>
</tr>
<tr>
<td>B.</td>
<td>Lease Requirements</td>
<td>13-4</td>
</tr>
<tr>
<td><strong>SECTION 2:</strong></td>
<td>MANUFACTURED HOMES</td>
<td>13-6</td>
</tr>
<tr>
<td>13.5</td>
<td>DEFINITION</td>
<td>13-6</td>
</tr>
<tr>
<td>13.6</td>
<td>AUTHORIZED LOAN PURPOSES</td>
<td>13-6</td>
</tr>
<tr>
<td>13.7</td>
<td>LOAN RESTRICTIONS</td>
<td>13-7</td>
</tr>
<tr>
<td>13.8</td>
<td>CONSTRUCTION AND SITE REQUIREMENTS</td>
<td>13-8</td>
</tr>
<tr>
<td>13.9</td>
<td>LOAN CLOSING FOR MANUFACTURED HOUSING</td>
<td>13-8</td>
</tr>
<tr>
<td>A.</td>
<td>Warranty Requirements</td>
<td>13-8</td>
</tr>
<tr>
<td>B.</td>
<td>Certification Requirements</td>
<td>13-9</td>
</tr>
<tr>
<td>C.</td>
<td>Lien Release Requirements</td>
<td>13-9</td>
</tr>
<tr>
<td>D.</td>
<td>Real Estate Tax Requirements</td>
<td>13-9</td>
</tr>
<tr>
<td>E.</td>
<td>Title and Lien Requirements</td>
<td>13-9</td>
</tr>
<tr>
<td><strong>SECTION 3:</strong></td>
<td>MODULAR HOMES</td>
<td>13-9</td>
</tr>
<tr>
<td>ATTACHMENT 13-A:</td>
<td>DEALER CERTIFICATION – NEW MANUFACTURED HOM</td>
<td></td>
</tr>
<tr>
<td>ATTACHMENT 13-B:</td>
<td>CERTIFICATION OF BUILDER/CONSTRUCTOR</td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 14: FUNDING [Official Agency Use]  
14.1 INTRODUCTION 14-1  
14.2 PROGRAM FUNDING PROCESS 14-1  
14.3 PRIORITIZATION OF FUNDING 14-2  
   A. Households that Qualify for First-time Homebuyer Preferences 14-2  
   B. Households that Qualify for Veterans Preference 14-2  
14.4 AGENCY ACTIONS – SHORTAGE OF FUNDS 14-3  
   A. Agency Actions When Funds are Not Available – Pooling 14-3  
   B. Agency Actions When Funds are Not Available – Conditional 14-4  
      Commitments Subject to Availability of funds  
14.5 LENDER WITHDRAWAL OF APPLICATION 14-4  
14.6 AGENCY ACTION – REQUESTING FUNDS FROM THE NATIONAL OFFICE RESERVE 14-5  
14.7 AGENCY ACTION – REQUEST FOR RESTORATION OF FUNDS 14-5  

CHAPTER 15: SUBMITTING THE APPLICATION PACKAGE 15-1  
15.1 INTRODUCTION 15-1  
15.2 LENDER RESPONSIBILITIES 15-1  
15.3 CONTENTS OF LOAN APPLICATION PACKAGE 15-1  
   A. Manually Underwritten Loans 15-1  
   B. Guaranteed Underwriting System – GUS Accept Loans 15-2  
15.4 ELECTRONIC SIGNATURES 15-2  
15.5 AGENCY REVIEW OF APPLICATION PACKAGE 15-3  
   A. Content of Standard Review 15-3  
   B. Agency Review of Lender’s Underwriting Decisions 15-4  
   C. Conditions for the Loan Guarantee 15-4  
15.6 LENDER NOTIFICATION ON REQUEST FOR LOAN GUARANTEE 15-5  
   A. The Request for a Loan Guarantee is Approved 15-5  
   B. Return of Incomplete Applications 15-5  
   C. The Request for a Loan Guarantee is Denied 15-5  
15.7 LENDERS RESPONSE TO CONDITIONAL COMMITMENT 15-5  
   A. Accepting the conditions 15-5  
   B. Declining the Conditions for Loan Guarantee 15-6  
   C. Requesting Changes in Conditions 15-6  

ATTACHMENT 15-A: LOAN ORIGINATION CHECKLIST
CHAPTER 16: CLOSING THE LOAN AND REQUESTING THE GUARANTEE

16.1 INTRODUCTION
16-1

16.2 CLOSING THE LOAN
16-1

16.3 REQUESTING A LOAN GUARANTEE
16-3
A. Electronic Closing – Preferred Method
B. Full Documentation

16.4 UP-FRONT LOAN GUARANTEE
16-5
A. Calculation of Loan Up-Front Guarantee Fee

16.5 ANNUAL FEE
16-7
A. Amount of Annual Fee
B. Calculation of Annual Fee
C. Due Date of Annual Fee
D. Payment of Annual Fee
E. Advance Notice, Billing and Reconciliation of Annual Fee
F. Lender’s Late Charge on Unpaid Annual Fee
G. Period Covered by Annual Fee
H. Duration of Annual Fee
I. Pro rata Payment of Annual Fee
J. Method of Payment of the Annual Fee
K. Nonpayment of the Annual Fee

16.6 TECHNOLOGY FEE
16-10
A. Amount of Technology Fee
B. CFPB Forms: Loan Estimate and Closing Disclosure

16.7 AGENCY REVIEW OF CLOSING DOCUMENTS AND ISSUANCE OF THE GUARANTEE
16-11
A. Incomplete Closing Documents
B. Acceptable Closing Documents
C. Unacceptable Closing Documents

16.8 CLOSING DATE
16-14

16.9 DUPLICATE LOAN NOTE GUARANTEE
16-14

16.10 TRANSFERRING LOANS AND/OR SERVICING RIGHTS
16-14

16.11 ACCEPTABLE LIEN POSITION
16-14

16.12 OWNERSHIP REQUIREMENTS
16-15
A. Lender and Agency Responsibilities
B. Acceptable Forms of Ownership
C. Insurance Policy Requirements

ATTACHMENT 16-A: LOAN CLOSING STACKING ORDER CHECKLIST
ATTACHMENT 16-B: AMENDMENT TO MORTGAGES WITH LEASEHOLD INTEREST
ATTACHMENT 16-C: LOAN CLOSING REFERENCE GUIDE

(03-09-16) SPECIAL PN
Revised (06-04-20) SPECIAL PN
CHAPTER 17: REGULAR SERVICING – PERFORMING LOANS 17-1

17.1 INTRODUCTION 17-1
A. Selling SFHGLP Loans 17-1
B. Contracting for Servicing of SFHGLP Loans 17-1
C. Notifying the Agency of Loan Sales or Servicing Transfers 17-2

SECTION 1: SERVICING PERFORMING LOANS 17-2

17.2 REQUIRED SERVICING ACTIONS 17-2
A. Ensuring Payment of Loan 17-2
B. Handling Late Payments and Fees 17-2
C. Ensuring Payment of Taxes and Insurance 17-3
D. Nonpayment of Taxes and Insurance 17-3
E. Maintaining Hazard and Flood Insurance 17-4
F. Assessing Eligibility for Interest Assistance 17-5
G. Addressing Unauthorized Assistance or Overpayment of Interest Assistance 17-5
H. Obtaining Final Payments and Recapture of Shared Equity 17-5
I. Handling borrowers in Bankruptcy 17-5
J. Complying with the Servicemembers Civil Relief Act (SCRA) 17-6
K. Approving Borrower Actions 17-7

17.3 REPORTING REQUIREMENTS 17-7
A. Monthly Reports 17-7
B. Non-Compliance 17-8

17.4 PROTECTIVE ADVANCES 17-8
A. Advances for Property Repairs 17-8
B. Advances for Taxes and Insurance 17-9

17.5 INSURANCE PROCEEDS 17-9

SECTION 2: BORROWER ACTIONS REQUIRING LENDER OR AGENCY APPROVAL 17-10

17.6 OVERVIEW 17-10
17.7 PARTIAL RELEASE OF SECURITY 17-10
A. Conditions for Partial Release 17-10
B. Servicer Delegation 17-11
C. Processing a Partial Release – Servicer 17-12
D. Processing a Partial Release – Agency 17-13

17.8 TRANSFER AND ASSUMPTION 17-14
A. Transfer without Assumption 17-14
B. Transfer with Assumption 17-17
C. Garn-St. Germain 17-16
D. Unauthorized Sale or Transfer 17-17
E. Modification to Promissory Note and Security Instruments 17-17

17.9 MINERAL LEASES 17-18
17.10 UNAUTHORIZED ASSISTANCE 17-19
CHAPTER 18: SERVICING NON-PERFORMING LOANS – ACCOUNTS WITH REPAYMENT PROBLEMS [7 CFR 3555.301] 18-1

18.1 INTRODUCTION 18-1

SECTION 1: COLLECTION EFFORTS AND REQUIREMENTS [7 CFR 3555.301] 18-1

18.2 OVERVIEW 18-1

18.3 MINIMUM REQUIREMENTS 18-2
  A. Initial Contact 18-2
  B. Notify Credit Repository 18-2
  C. Send Certified Letter to the Borrower 18-2
  D. Inspect the Property 18-2
  E. Proceed with Liquidation 18-3

18.4 DOCUMENTATION REQUIREMENTS AND PENALTIES 18-3
  A. Collection Records 18-3
  B. Grace Period for Completing Collection Action 18-4
  C. Penalties for Failure to Fulfill Collection Obligations 18-4

SECTION 2: LOSS MITIGATION [7 CFR 3555.303 and 3555.305] 18-5

18.5 LOSS MITIGATION OPTIONS 18-5

SECTION 3: CUSTODIAL PROPERTY [7 CFR 3555.306] 18-6

18.6 INTRODUCTION 18-6

18.7 PROPERTY MANAGEMENT METHODS AND ACTIVITIES [7 CFR 3555.306(e) and (f)] 18-6
  A. Vacant or Abandoned Properties 18-8

18.8 ENVIRONMENTAL HAZARDS [7 CFR 3555.306(3)] 18-8

SECTION 4 ACCELERATION AND FORECLOSURE [7 CFR 3555.306] 18-8

18.9 ACCELERATION 18-8

18.10 THE FORECLOSURE PROCESS [7 CFR 3555.306] 18-8
  A. Initiation of Foreclosure - Referral 18-8
  B. The Foreclosure Sale 18-9
  C. Reinstatement of Account 18-9

18.11 MANAGING THE FORECLOSURE PROCESS [7 CFR 3555.306] 18-10
  A. Acceptable Foreclosure Time Frames 18-10
  B. Acceptable Liquidation Fees and Costs 18-11

18.12 REPORTING REQUIREMENTS 18-13
SECTION 5: ASSISTANCE IN NATURAL DISASTERS [7 CFR 3555.307] 18-13
18.13 PROPERTY PROTECTION [7 CFR 3555.307(b)] 18-14
18.14 SPECIAL RELIEF MEASURES [7 CFR 3555.307(c)] 18-14
18.15 SPECIAL RELIEF ALTERNATIVES 18-15
18.16 PROPERTY DAMAGE AND INSURANCE CLAIMS [7 CFR 3555.307(d)] 18-16
18.17 DEBT SETTLEMENT REPORTING 18-17

ATTACHMENT 18-A: LOSS MITIGATION GUIDE
ATTACHMENT 18-B: ACCEPTABLE STATE FORECLOSURE TIME FRAMES
ATTACHMENT 18-C: ACCEPTABLE STATE LIQUIDATION COSTS AND FEES – Schedule of Standard Attorney/Trustee Fees
ATTACHMENT 18-D: USDA INDIVIDUAL STATE BASED BIDDING CHART
ATTACHMENT 18-E: MAXIMUM PROPERTY PRESERVATION ALLOWANCES

CHAPTER 19: LOSS CLAIMS – COLLECTING ON THE GUARANTEE 7 CFR 3555.351 19-1
19.1 OVERVIEW 19-1
19.2 LOSS CLAIM COVERAGE 19-1
A. Loan Guarantee Limits 19-1
B. Losses Covered by the Guarantee 19-2
C. Reasonable and Customary 19-2
19.3 FILING A LOSS CLAIM 19-3
A. Sold to a Third Party 19-4
B. Acquired by the Servicer at Foreclosure or Deed-in-Lieu 19-4
C. Market Value Appraisal 19-4
D. The Property Sale Value Calculator 19-6
19.4 CALCULATING NET RECOVERY VALUE 19-6
A. Properties Sold at Foreclosure 19-6
B. Acquired Properties 19-6
19.5 AGENCY REVIEW 19-7
A. Reduction or Denial of a Loss Claim 19-7
B. Calculation and Approval of Loss Payment 19-8
C. Loss Claim Payment Process 19-8
APPENDIX 1: 7 CFR PART 3555 – GUARANTEED RURAL HOUSING PROGRAM
APPENDIX 2: FORMS AND INSTRUCTIONS
APPENDIX 3: REVIEW AND APPEALS
APPENDIX 4: AGENCY AND EMPLOYEE ADDRESSES
APPENDIX 5: INCOME LIMITS
APPENDIX 6: INTEREST ASSISTANCE
APPENDIX 7: CAIVRS ACCESS INSTRUCTIONS
APPENDIX 8: PENALTIES
APPENDIX 9: UNNUMBERED LETTERS AND STATE SUPPLEMENTS

GLOSSARY
ACRONYMNS USED IN THIS HANDBOOK